

Briefs

gerines make up about 80 percent of the early varieties produced in Florida. The number of trees producing Sunburst and Fallglo declined this season; however, the number of fruit per tree for both varieties is higher, generating expectations for the second-largest crop on record. Unlike Florida's oranges and grapefruit, this season's early tangerines are average to below average in size so far.

Honey tangerines are Florida's dominant late variety. Production is forecast to increase 7 percent this season. The number of bearing trees increased slightly, but fruit set declined 13 percent from last season. Honey tangerines are expected to be large this season, with fewer numbers needed to fill a 95-pound box.

While this season's larger crop may be expected to put downward pressure on grower prices, the expected smaller U.S. fresh orange crop could be a plus for tangerine growers, keeping prices in line with last season. A deciding factor in tangerine movement in the U.S. market is the availability and quality of imported Spanish clementines this winter. If Spain has a large crop this season, more Spanish clementines will reach the U.S. market, competing directly with the U.S. tangerine crop and affecting grower prices.

AO

*Susan Pollack (202) 694-5251
pollack@ers.usda.gov*

Continued strong international demand for U.S. fresh grapes, particularly in Asian markets, is also contributing to the decline in domestic consumption. Despite reduced production, the high quality of this year's crop have kept exports of fresh grapes for the 2001/02 season thus far up 15 percent over the same period a year ago (May to August). U.S. export prospects in many Asian markets appear strong as these markets continue to recover from the economic crisis that began in 1998. Shipments thus far to many of these markets are higher than a year earlier.

Because of the smaller U.S. crop, imports of fresh grapes will likely increase during 2001/02 to help meet consumer demand, especially if no major problems arise to curtail this year's grape production in Chile, the dominant foreign supplier to the U.S. market. Imports are heaviest during January through April, when domestic production is in its off-season.

About 87 percent of the nation's grape crop is processed—more than half for wine, more than a fourth for raisins, and the remainder for juice and canning. In California, where production is expected to be down for wine and raisin varieties but up for table varieties, 52 percent are wine varieties, 34 percent are raisin varieties, and only 14 percent are table varieties. In Washington, where the grape crop is a far-distant second to California, all grapes are processed—about two-thirds for juice and one-third for wine.

In California, the nation's largest producer of domestic wines, wine varieties accounted for well over half the state's total grape acreage last year. Nonbearing acreage for wine grapes during 2000 declined 15 percent from the previous year to 110,000 acres as more acreage reached its productive stage. Bearing acreage for wine grapes rose 8 percent to 458,000 acres. California vineyards can expect to harvest a crop of wine grapes in 2001 that is 8 percent below a year ago, at 6.2 billion pounds. Similar to last year, the most popular wine grape varieties are

Specialty Crops

Consumers Face Higher Prices for Fresh-Market Grapes

U.S. grape growers are producing a smaller crop in 2001, but consumer demand for high-quality fresh-market grapes is still being met—at slightly higher prices. USDA forecasts a 16-percent decline in this year's grape production over the record crop in 2000. Harvests are down in most grape producing states, including California, which continues to lead the U.S. in grape production with 91 percent of the crop. The production forecast of 12.9 billion pounds for this year, if realized, will be 11 percent larger than in 1998 and 4 percent above 1999.

California's production is expected to decline 16 percent from the record 14.1 billion pounds harvested last year. In the rest of the country, the total crop has dropped 9 percent, reflecting reduced production in all the other grape-producing states except Washington, Oregon, and Arkansas. Grape crops in Washington and Oregon are forecast 4 percent and 24 percent larger, whereas output in Arkansas is expected to be unchanged.

Reduced production this year, the high quality of the crop, and lessened competition from smaller 2001 crops of citrus and stone fruit (peaches, plums, and nec-

tarines) have plumped up the prices of fresh-market grapes for both growers and retailers. Grower prices for fresh-market grapes from May through October averaged \$708 per ton, up 19 percent from the same period a year ago. In the same token, retail prices for fresh Thompson seedless grapes from June to September averaged 25 percent higher than the same period last year.

Grapes continue to be the fourth in popularity with U.S. consumers among fresh fruits. During the 1990s, approximately 85 percent of U.S. fresh-market consumption was domestically produced. Influenced mostly by the lower production and higher prices, domestic consumption of U.S. fresh grapes is expected lower during the 2001/02 season (May to April) compared with a year ago. U.S. consumption—estimated at 7.5 pounds per capita in 2000/01—should decline approximately 4 percent in 2001/02.

Changes in the Grape Line-up

This year, for the first time, USDA's total grape output data include new production estimates for minor producers Texas and Virginia, while estimates are discontinued for South Carolina.

Chardonnay and French Colombard for white wine and Cabernet Sauvignon, Zinfandel, and Merlot for red wine.

Among these popular varieties, increases in bearing acreage last year were most significant for Cabernet Sauvignon (up 21 percent), Merlot (up 15 percent), and Chardonnay (up 10 percent). Bearing acreage in California for French Colombard declined 5 percent. Rapid increases in acreage for wine grapes during the 1990's reflect a boost in U.S. wine demand, heightened by publicity associating moderate wine consumption, particularly red wine, with health benefits.

The wine sector in Washington also grew rapidly during the 1990's—total wine grape acreage more than doubled between 1993 and 1999 (from 11,100 acres to 24,000) and bearing acreage grew 67 percent (from 10,200 acres to 17,000). Into the new decade, expansion continues in the state's wine sector, with bearing acreage rising 18 percent in 2000 from a year ago to 20,000 acres. Although bearing acreage numbers are not yet reported for 2001, wine grape growers in the state expect to harvest a larger crop this year as new acreage comes into production.

U.S. wine exports rose 6 percent in 2000 to a record 73.9 million gallons, with the United Kingdom, Canada, Japan, the Netherlands, and Switzerland accounting for 72 percent of shipments. While more U.S. grapes were crushed for wine last year, continued strong domestic demand helped generate a 10-percent rise in imports over 1999. Imports came mainly

from Italy, France, Australia, Chile, and Spain. Shipments from these main suppliers, except Spain, were up. During the first 8 months of 2001, U.S. wine imports and exports were up 7 percent and 12 percent, indicating a continuing strong market for wine both here and abroad.

The supply of raisins in the U.S. during 2000/01 increased despite a 31-percent downturn in imports last year, because domestic shipments were higher and carry-in stocks were large. Boosted by increased supplies and lower grower prices, U.S. raisin exports returned to more normal levels during 2000/01 following a sharp drop the previous season when export volume was at its lowest since 1986/87. Exports rose 39 percent from the previous season, far larger than the increase in supplies. While exports recovered, stocks at the end of the year remained large, indicating that domestic consumption had declined during 2000/01—by 4 percent. The large ending stocks in 2000/01, along with depressed prices, are expected to lower production in 2001/02.

In August and September of this year, mild temperatures in California provided good drying conditions for sun-dried raisins. As of September, more than 80 percent of the raisin crop, reportedly of generally good quality, had been harvested. While domestic supplies are likely to remain large in 2001/02 despite lower production, exports are likely to decline due to large world surplus of cheaper raisins entering the new season. **AO**

*Agnes Perez (202) 694-5255
aperez@ers.usda.gov*

nary. Farm milk prices averaged the highest ever in 1998, were very close to that record in 2001, and were the fourth highest ever in 1999. In the face of these generally high prices, commercial use of milkfat grew about 2.2 percent a year during the last 4 years, a rate much faster than population growth and than most earlier years. Sales of skim rose less rapidly, but still managed very respectable growth of about 1.8 percent per year.

Cheese, butter, and fluid cream, products used heavily by restaurants, were the leading lights among dairy products; consumer expenditures for eating away from home rose briskly during this period. Meanwhile, sales of fluid milk, ice cream, and other perishable products showed little growth. Most of these products are primarily used at home, and their demand may have been hurt as consumers dined out more often.

Demand in 2002 is uncertain. Consumer reaction to a weakening economy following the exuberance of the last couple of years is particularly difficult to gauge, because the economic expansion was unprecedented in terms of both strength and length.

Some of the food spending patterns of recent years are likely to persist, at least through 2002. In particular, restaurant spending will probably stay heavier than during earlier periods of economic weakness. But spending at eating establishments is unlikely to grow as much as in recent years. Most adjustments probably will be in the average expenditure on a meal eaten away from home rather than in the number of such meals. As consumers become more sensitive to menu prices, restaurants likely will respond with tighter controls on the amounts of ingredients used in dishes. They also may halt the growth in portion size or offer smaller alternatives. However, large portions will remain a relatively inexpensive way of generating perceptions of value.

Cheese demand in 2002 probably will be only modestly affected by adjustments in the restaurant sector. Cheese is used heavily by all segments of the industry, so shifts among eating places do not necessarily have much effect. Only gradual erosion in total restaurant use is likely. Weak-

Livestock, Dairy, & Poultry

Dairy Industry in 2002 to Encounter Uncertain Climate of Demand

The dairy industry experience next year will likely be considerably different from 1998-2001. Recent years have seen strong demand for dairy products. Prices were generally robust except when rapid expansion in milk production temporarily overcame demand. In 2002, softening economic conditions probably will result in less robust demand growth for cheese,

butter, and dairy products overall. Meanwhile, production growth could be strong if some of the problems of 2001 are not repeated.

Not only has commercial use of both milkfat and skim solids set records every year during 1998-2001, but the strength of recent demand growth has been extraordi-